

# **Dynamics of EU Development Policy after enlargement<sup>1</sup>**

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*The enlargement of the EU from 15 to 27 member states has the potential to affect the whole direction and shape of EU policy with regard to development - both because of different priorities of the new Central and Eastern European (CEE) states and the issue of aid diversion to new and poorer states. This paper examines whether the CEE states have a fundamentally different approach to development and developing countries and whether this will lead to pressure to shift the policy in new directions over the longer term. In particular the paper explores the following questions:*

- *has enlargement altered the geographical focus of EU development policy?*
- *has enlargement altered strategic focus of EU development policy?*
- *What has been the impact of the CEE states on the precepts of coordination, complementarity and coherence (3cs) in the EU's development co-operation policies and operations?*
- *How has the Commission responded to new challenges, in particular how have the different Directorate Generals of the European Commission (Development & External Relations) integrated the views of the CEE states into development policy?*

*Finally the paper will consider possible future directions for EU Development policy, given increasing influence by the new member states.*

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The enlargement of the EU from 15 to 27 member states affected broad swathes of EU policy. One area of particular interest is the impact enlargement has had on EU development policy. Each enlargement of the EU has influenced the geographical focus of EU development policy. Never before has an enlargement of the EU included so many former recipients of EU financial assistance. At the World Summit on Sustainable Development in 2002 the EU committed itself to substantial increases in Overseas Development Assistance (ODA), which would cement the EU's position as the world's biggest donor of development aid. Yet only two years later ten countries who had previously been recipients of EU development assistance via PHARE were to sign up to this commitment. This raised some important questions such as what is the impact of this enlargement on the goals and strategic focus of EU development policy? Overall, it is vital to evaluate to what extent the CEE countries have been able to undertake the mental reorientation from a "receiver country" to a "donor country" (Rehbichler, 2006), something this paper aims to examine by focusing on the 2004 enlargement, although the accession of both Bulgaria and Romania in 2007 will also be considered.

## **Background**

The CEE states have a long history of engagement with the developing world. They contributed to development cooperation via the aid programme of COMECON. However, much of that aid was characterized by a 'strong and strategic orientation, concentrating on political allies and friendly countries which were pursuing socialist goals' (Carbone, 2004, p. 244). As a result it is argued that 'these countries have no great tradition of development aid and no development cooperation policy in the modern sense' (in Michaux, 2002). The end of the cold war saw the majority of these states cut whatever aid programmes they had in operation. However, at the same time relations between the EU and CEE states had gone from 'minimal' to creating the environment to full membership (Bretherton and Vogler, 2006, p. 139-40). To help them reform their economies, the CEE countries were given financial assistance by the EU. Via the PHARE programmes, the EU provided financial

and non-financial resources to prepare them for eventual EU membership (Babarinde and Faber, 2004, 31). Therefore even as late as 1999 Poland was the third largest recipient of EU aid worth Euro 305 million.

CEE states were in the 'unique situation of being recipients of aid from the EU while simultaneously preparing to become donors' (Carbone, 2004, p. 245). This unique situation prompted much speculation that the 2004 enlargement would impact on existing arrangements for EU development cooperation. The end of the cold war had already seen the EU re-define 'its relationship with its CEE neighbours' with associated financial benefits for these countries and a resulting drop in aid to ACP countries (Babarinde and Faber, 2004, 31). This fear was compounded by the 'scant attention' paid to development cooperation policy during the accession, which was seen as an indicator of low political priority (Grimm and Harder, 2005, p. 11). Despite this there were no 'opt-outs' for new Members, which meant that on becoming EU members all CEE states would have to adhere to all aspects of the development acquis, including the Cotonou Agreement, and in particular contribute to the European Development Fund (EDF) (Hewitt and Whiteman, 2004, p. 146). This means all the provisions that date from the Treaty of Maastricht, which gave a legal basis to development policy via Articles 177-181a. Alongside these legal commitments the NMS were also committed to 'accept the overall objectives of EU aid: sustainable economic and social development, smooth and gradual integration of developing countries into the world economy, poverty reduction, and development and consolidation of democracy and the rule of law' (CEC, 2002). Despite this situation, it is argued that some new Member States' governments apparently were not clear about the Union's expectations regarding development policy (Grimm and Harmer, 2005). Indeed some NGOs alleged that development was treated as the 32<sup>nd</sup> chapter<sup>2</sup> of the accession process.

In the run up to accession DG Development highlighted the following characteristics of the NMS aid policies. It was found that there was a low

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<sup>2</sup> The relevance of this is that 31 chapters were negotiated.

governmental commitment and lack of a significant constituency for development cooperation, the thematic focus did not prioritise poverty reduction, there was a lack of funds for ODA and development policy-making lacked broad based participation (in Morgera and Marin Duran, 2004, p. 161).

These can be summarised as producing three particular challenges:

- The quantity of aid
- The quality of aid
- The geographical focus and scope of aid

(Carbone, 2004, p. 248-51).

The next sections examine these three challenges in turn to assess the impact of enlargement three years on.

### **Quantity of Aid**

Whilst many CEE states like to see themselves as 're-emerging donors' (Grimm and Harmer, 2005) and most had national development programmes in place by the time they joined in 2004, the percentage of their ODA was nowhere near the target set at the Barcelona Summit of 2002 of 0.7% by present EU target of 0.7% (Press, 2003). As a result the NMS were given a differentiated target: that of increasing their ODA to 0.17% GDP by 2010 and 0.33% of GDP by 2015. This differentiated target is unsurprising when we consider the fact that all of the new member states are still eligible for World Bank borrowing (Granell, 2005, p. 11).

NGOs have been critical of some of the measures used to calculate ODA. 4.86% of the general contributions by NMS to the EU budget are counted as ODA (Rehbichler, 2006). The 4.86% contribution meant that EU membership led to an increase in ODA expenditure in the Czech Republic, Slovenia, and Poland to 0.12-0.14% of GNI. Thus they are no longer really far behind some of the less generous "old" members such as Italy (0.15% in 2004) and Austria (0.23% in 2004). However, other NMS such as the Baltic States are greatly challenged when it comes to the task of increasing their ODA' (Rehbichler, 2006). Having said all this it is clear that the additional members will bring additional funds to the EU's development budget.

Debt cancellation has also been counted as aid, helping to improve the figures for many countries (Hayes, 2007). In 2004 Concord called for increased transparency in how the ODA figures were calculated. For example, the Czech Republic, Hungary, Poland and the Slovak Republic all cancelled significant debts to Iraq, some of which may have been included in their aid figures for 2006 (Hayes, 2007, p. 9). Although official figures are yet to be published for Bulgaria, NGOs are concerned that the government will use debt cancellation in Iraq to inflate their ODA figures. As several Bulgarian civil society groups have argued: 'This would con the Bulgarian people into thinking that more money is being made available for aid than is really the case' (in Hayes, 2007, p. 42). There are also worrying signs that some countries are not progressing towards their 2010 target. For example, the Slovak Republic's aid fell by more than 9% and Latvia's by 1% in 2006 (Hayes, 2007). In saying that, the same report also points out that the worst culprits for inflating their aid figures are the French and the Austrian governments, with more than half of their ODA consisting of non-aid items" (Hayes, 2007, p.3). It can therefore be argued that old member states with in many cases long histories of development cooperation are setting a bad example to these new donors.

A survey of in-country NGOs in 2007 found a high level of scepticism about the ability of their countries to meet the EU target of 0.17% of GNI in 2010 without inflating its aid. Of all the 2004 accessions states, only Lithuania was judged 'likely' to meet this target. Six others were seen as unlikely to meet the target, whilst Latvia, due to its decision to raise its ODA budget to only 0.1% of GNI instead of the anticipated 0.17% by 2010 was unsurprisingly judged as not being able to meet the target. However, these targets also ensure the EU kept its commitments made at Monterrey (see CEC, 2007).

On accession it was agreed that the new member states would not be expected to contribute to EDF 9 as the pool of resources and the budget had already been set (UNDP, 2005). However, they are expected to contribute to the fund for 2008-13. As a result Babarinde and Faber argued that 'it is

unlikely that given the magnitude of their own economic problems, the acceding CEE countries, upon accession, would enthusiastically support, for example, a considerable increase in EDF 10' (p. 32). Research has tended to support this claim (UNDP, 2005; Francesca 2007) as has the reality, although the final details of EDF 10 are still to be finalised.

### **Quality of Aid**

There was a concern that the lack of expertise amongst the NMS would further complicate efforts to reform the effectiveness of EU aid. There was also a concern that some of the acceding states might hamper efforts to untie aid (DG Development, 2002). Development NGOs have been highly critical of the practice where governments tie aid by making such aid conditional on the receiving countries buying goods and services from the donor country. Despite the fact that the EU has moved towards the untying of aid and that the practice is contrary to OECD recommendations NMS have adopted the practice. One response is that it helps economic development in the donor country. For example, the Hungarian government evaluates its tied aid initiatives very positively in 2005, particularly from the perspective of Hungarian economic interests (Hayes, 2007). Another similar response is that tied aid helps build capacity and public understanding in the donor country. For example, the Latvian government justifies the fact that the majority of Latvian aid is highly tied 'on the basis that that Latvia is a newcomer in the field of development co-operation, and needs to build its own capacity and public understanding and support for development co-operation before proceeding to an open aid market' (in Hayes, 2007, p.36).

There is also concern that whilst on paper all NMS are oriented toward international "best practice", with its emphasis on strengthening the general capacities of developing countries through knowledge transfer, good governance etc, rather than technical aid, there is also a strong lobby in the NMS to use ODA for export subsidies and infrastructure projects most Western donors will no longer support (Rehbichler, 2006). DG Development argues that the NMS might not be so familiar with concepts such as donor practices' harmonisation, selectivity and performance-based allocations, the

PRSP (Poverty Reduction Strategy Papers) approach and the shift away from projects to sector/budget support (DG Development, 2002). It has been clear that some of the EU-10 have started to implement the DAC Recommendation on untying aid to Least Developed Countries (LDCs), with the Commission threat to pursue any breaches of EC internal market rules on ODA a major incentive (CEC, 2007).

### **Geographical focus and scope of aid**

Grilli argued in 1993 that 'the only recognisable constant in the maze of changing regional ties developed by the Community was the preservation of the relative primacy of the associated African....countries among those receiving concessions' (Grilli, 1993, p. 338). This focus on Africa could therefore be affected by enlargement, as each previous enlargement had altered the geographical focus of EU action (see Van Reisen, 2007, p. 50). The 1973 enlargement brought the former British colonies into the fold, whilst the 1986 enlargement to Spain and Portugal shifted focus to Latin America. The influence of the 1986 enlargement could be seen by the 68 % increase in aid to Latin America in the first half of the 1990s. However, this must be seen in the context of the EU's overall aid budget. As a percentage of the overall budget the share dropped due to an increasing focus on CEEs (Holland, 2002, p. 81).

The 2004 enlargement prompted fears that the ACP states position at the peak of a 'pyramid of privilege' could be threatened (see Dauderstadt, 2002, p. 11). CEE states have limited historical connections to ACP states and of the new states only Poland, Hungary and the Czech Republic can be said to have a foreign policy reach outside of Europe. Interestingly Poland has identified Angola and Tanzania as priority ODA states from 2007 (Baginski, 2007) - both states historically part of the "socialist brotherhood". This lead to fears amongst some ACP states that CEE states would ally themselves with countries such as Germany and the Netherlands that prefer a more globally orientated policy (Arts and Dickinson, 2004, p. 5). As Rehbichler argues 'for many governments and NGOs in the NMS, the focus of EU development policy on poverty reduction and the LDCs, such as in Africa, is difficult to fully

comprehend' (Rehbichler, 2006). Evidence to date does suggest that despite some wrangles, the European Development Fund is safe. However, the 2002 Commission report points out that the share of EC ODA to the least developed countries in total ODA has been declining over the last 40 years although absolute volumes have increased' and that 'the situation in new Member States will merely reinforce these trends' (CEC, 2002, p. 14). According to one report 'these trends are unlikely to change much after enlargement as they are consistent with the development policies pursued by new Member States and broadly reflect public opinion trends' (UNDP, 2005).

However, eastern enlargement has consolidated on-budget external actions in neighbourhood and pre-accession countries; the so-called ring of friends of Eastern and Southern neighbours. As Poul Nielson observed in April 2003: 'I would find it natural for you to argue in favour of stability in the Balkans, the Caucasus and in the Central Asian Republics. You bring history and experience to those relations, and I look forward to your contribution' (in Maxwell & Engel, 2003). This is unsurprising due to the geopolitical importance of the eastern border. Second, there were issues of national self-interest. For the majority of Central European states, strategic and security interests, particularly related to the eastern European region, are key concerns in foreign policy. As Bretherton and Vogler argue 'security is the first condition for development' (Bretherton and Vogler, 2006, p. 114). Aid, and particularly humanitarian aid, is considered an important policy instrument in maintaining regional stability, including containing migration from the east and reducing the impact of conflict (Olsen, 2005, p. 594). In addition, aid programmes were developed to support the ambition and sense of national pride involved in the transition to the 'West', and the shift from being aid recipients to being donor governments (Grimm and Harmer, 2005). Since accession several of the CEEs have sought to develop the Neighbourhood Policy further, including extending it to the Caucuses (Edwards, 2006, p. 157).

As mentioned earlier in this article in relation to the inflation of aid figures, it is worth bearing in mind that the problem of a national development policy undermined or even dictated by security and trade interests is not an issue

that only applies to CEE states. The EU 15 have a long history of development cooperation policy driven by strategic, economic and security interests. An example is European development policy, and particularly democracy promotion, in Algeria. The relationship with Algeria, which is embedded in the Euro-Mediterranean partnership, has been repeatedly criticised for being primarily based on European concerns about political instability and subsequent migration from North Africa lacking any special attention to democracy or development (Olsen, 2002). In this case, the containment of political Islam and concerns as to immigration from Algeria to the EU have limited the scope of EU action and have led to the pursuit of security at the expense of development assistance (Güney and Çelenk, 2007, p.126).

This is supported in a BOND report that highlights that the majority of aid in CEE states goes to near neighbours i.e 95% of Slovenia aid goes to former Yugoslavia and the remaining 5% to Albania (Press, 2003). An added issue is the support given by both Poland and Hungary to their Diasporas in the CIS and the Balkan region (Rehbichler, 2006). It is also reflected in Commission thinking: 'The European Neighbourhood Policy builds a privileged partnership relationship with neighbouring countries, bringing them closer to the Union and offering them a stake in the EU's internal market in parallel with support for dialogue and reform. Development policy considerations are inscribed within the broader policy framework established by the neighbourhood policy' (CEC, 2005a, p. 16).

What has been the impact of the CEE states on the precepts of coordination, complementarity and coherence (3cs) in the EU's development co-operation policies and operations? Has enlargement altered strategic focus of EU development policy? DG Development argued that the NMS should be familiar with core concepts and current debates that the European Commission takes for granted: ensuring policy coherence between national and EU measures; measuring and monitoring results at different levels; the balance between conditionality and ownership (DG Development, 2002, p. 4).

However, as it is stated in other parts of this work the subject was not given special attention during accession negotiations and some NGOs alleged that development was treated as the 32nd chapter of the accession process. So while the DG Development has demanded the NMS be familiar with the complex EU development cooperation policies, it is unclear what exactly has been done to guarantee this during the accession period and thereafter.

It has been clear that since joining the EU the new Member States have been very public in their support for the current objectives and instruments of the EU's development policy. Evidence appears to suggest that all Member States are committed to the European Consensus on Development (2005) which makes clear that the primary objective of European aid is eradicating poverty; the poorest countries should get priority; developing countries should "own" the development process; the EU should increase and harmonise its aid; and the EU's wider policies should support development" (CEC, 2005b). However, there is a fear that the New Member States have different approaches to development from the EU-15. NGOs were fearful that the NMS would orientate the EU away from its focus of poverty reduction (see Concord Working Group). CONCORD claimed in 2004 that just three NMS (Estonia, Malta and Poland) listed poverty reduction as an objective for their ODA. In most NMS higher priority was being assigned to issues like promotion of democracy and the rule of law (seven countries), regional security and sustainable development (six countries each) (CONCORD, 2004).

However, enlargement to CEE has exaggerated the rightward trend within the EU and the EP (Orbie, 2003, p. 413). This has put pressure on programmes

that promote reproductive rights. As Bretherton shows the whole question of gender equality is a low priority among CEE governments (Bretherton, 2006, p. 101). Reproductive rights for women is a controversial one in most CEE states, especially those with a strong Catholic tradition. Whilst CEE states have signed up to the acquis on gender mainstreaming, some NGOs and Commission officials fear that these states will use the implementation dimension to challenge the aspects of EU policy they disagree with. For example, the May 2007 Gender and Development paper includes a section on reproductive rights, which the CEE states have agreed to in principle. It has been alleged that some officials in CEE states believe that they might have 'lost the political battle but they will win the practical battle'. Again the lack of interest in this dimension is not found solely in the NMS with the DAC Peer Review highlighting that the principles of gender mainstreaming do not seem to be applied consistently in programme implementation or highlighted as an important indicator when measuring programme performance (OECD, 2007, p. 41).

## **Developments and Influences**

### **Changing Attitudes to aid in CEE?**

As a report stated in 2003 'Government commitment to development cooperation in the countries we visited is in general rather low, reflecting in part the lack of a significant constituency for development cooperation, as development NGOs are few and far between and the public supports mainly humanitarian aid to neighbouring countries' (Development Strategies/IDC, 2003). Within the EU there appears to be a reluctance to open up a debate about aid to the south especially as many of the citizens of these new Member States are still struggling to cope with poverty and economic change.

A special Eurobarometer on development aid supports this low priority, finding that eight of the ten new Member States rank at the lower end of the “yes” scale in that they believe that their Government helps poor people in developing countries (EB, 2004). There is also a significant difference in opinion between the EU-15 group (55%) and the new Member States (32%) whereby the latter group are considerably more sceptical about the effectiveness of development aid provided by their governments. There is a significant level of scepticism in many of the new Member States notably in Latvia (52%), the Czech Republic (49%), Poland (46%), Estonia (45%) and Slovakia (44%) where a high proportion of “no” responses are observed (EB, 2004, p. 43).

However, within many NMS there is a driver that leads to ODA. This driver is more philosophically based, particularly the principle of solidarity and identity with vulnerable populations, a moral (and Christian) obligation to give charitably and support others less advantaged than oneself. These drivers are underscored by Central Europe’s own experience with political and economic transformation in the early 1990s, and a desire to export this expertise in transition to other countries (Grimm & Harmer, 2005). The NMS from Central and Eastern Europe can be expected to back quite vigorously the EU’s promotion of democracy and human rights – because of their historical experiences of authoritarianism (Smith, 2004, p. 75). One area where NMS see themselves playing a crucial role is in EU efforts to promote democracy. This is clearly linked to the role the EU played in stabilising the fledgling democracies in the CEE countries, which is seen to be one of the main success stories for EU.

### **The Need for Education**

There is a clear link between public education and levels of aid donorship. ‘Only a few of the NMS (Czech Republic, Slovakia, Estonia and Hungary) have created structures for raising awareness on development policy themes, although all countries recognise the importance of development education. The EU Commission’s recent commitment to provide € 10 million in additional funds from the 2006 budget for internal development education in the NMS

and candidate countries in 2007 gives some reason to hope that this recognition will lead to deeds in the future' (Rehbichler, 2006).

The need for education was borne out in a special Eurobarometer that was carried out to discover whether attitudes to aid in CEE countries differed from those in the EU-15. It found a noticeable disparity between the views of the EU-15 group and those of the NMS. It found that in some of the new Member States (Estonia, Hungary, the Czech Republic, Latvia and Slovakia), respondents were more reluctant to take a strong stance on the question that it is important to help people in poor countries, with relatively lower proportions responding "very important", although the overall proportion believing that this is important remains very high (EB, 2004, p. 26). Eurobarometer concludes that there appears to be a lack of knowledge in many NMS. When asked if the amount their government dedicated to aid was right, the result was a relatively high proportion of respondents who are unable to give an answer. Notably high "don't know" rates were observed in Estonia (56%), Latvia (49%), Lithuania (45%) and Hungary (44%) (EB, 2004, p. 37). However, what might change is that CEE states could use the EU to sell ODA to a population without much recent experience in the area. For example, all the NMS automatically joined the Cotonou Agreement upon accession to the EU and this could be used as a vehicle for raising public awareness or countering scepticism - a big issues as many in the NMS appear to have a greater inclination to trust the United States for helping Africa to develop than the EU (NMS-10: 50% versus EU-15: 27%) (EB, 2004).

### **Lack of Political Will and Expertise**

The UNDP report in 2005 argued that ODA figures were limited in many new members due, in part, to insufficient political will (UNDP, 2005). This lack of political will is clearly linked to limited public support but also to their relative lack of expertise or capacity in the area of development cooperation. As Adanja argues most were novices in the field of international development cooperation (Adanja, 2007). Yet despite this, and despite the fact that the development *acquis* is an important part of the Treaty, the subject was not given special attention during accession negotiations. As Baginski argues

neither the Polish side nor the European institutions prioritised this aspect of the accession process (Baginski, 2007). However, the accession perspective was identified as one of the major factor of building up Poland's development cooperation system.

By accession the Czech Republic, Slovakia, and Estonia all had a more or less detailed development policy. However, a country such as Slovenia had a strategy that was unrefined, in part due to its limited knowledge of Africa, with the country only having one African embassy in Cairo. It was also related to different priorities on the part of the Slovene Ministry of Foreign Affairs: 'Compared to the ministry's previous organisation it is easy to note the new level of attention paid to security and human security issues, as well as humanitarian aid which may be attributed to the EU's identity in world affairs (in the case of humanitarian aid)' (in Edwards, 2006). Since 2006 Slovenia has been concentrating on the coherence of its development policy but as they acknowledge they still have 'some work ahead of them' (Adanja, 2007).

The importance of institutions is vital to maintain political will. Most Member States appear to be going down the road of creating a unit within the Ministry of Foreign Affairs. However, the situation can often be more complicated. In the Czech Republic for example the situation was that 'Ten different ministries are involved in implementing the development cooperation with different methodology, philosophy. The Ministry of Foreign Affairs is only coordinating their work, which is sometimes "mission impossible" and not only due to the ministries different political backgrounds. ....We would like to have a specialized agency. We need an institution which can hold tenders. The Ministry of Finance is extremely restrictive and is saying "no" to the development agency third year in a row. We keep trying' (in Burac and Mrak, 2007, p. 19).

Capacity building in the bureaucracy is also important in CEE states. This capacity building has been aided by mentoring agreements. Some links have a geographical connection such as those between Austria and Slovakia. Other governments have opted to take a very active role in building capacity

in the NMS, such as the Irish (see O'Neill, 2005) and the Belgians (see Biesemans, 2007). However, this capacity building is often hampered by the rotation of posts common in the diplomatic service. This rotation can often result in a loss of institutional memory due to the small numbers of staff active in the field of development cooperation (see Biesemans, 2007). Another forum for sharing expertise is the OECD DAC, yet only four of the NMS are OECD members and none of these are represented on the DAC.

Whilst many CEE states like to see themselves as 're-emerging donors' (Grimm and Armer, 2005) it is clear that there are large start up costs associated. Policy compromises and competing priorities mean development often comes in low down the policy agenda. It is therefore apparent that for many CEE states, especially smaller ones, EU development policy is an ideal way to become involved in development assistance without having to create costly new institutions. The issues of coherence and complementarity associated with development policy also play a role (see CEC, 2006). It makes little sense for Lithuania, say, to try and play a significant role in Africa, a continent where it has little expertise. It makes more sense for them to be more active in those countries where they have a comparative advantage such as Belarus. Saying that, bilateral programmes are attractive as they allow Member States to 'fly the flag' on development aid and as a result are becoming more common.

### **Role of NGOs**

Civil society has a critical role to play in development policy (see Lister and Carbone, 2006). Ironically the lack of political expertise in the area of development cooperation has resulted in a situation where many CEE governments are open and willing to listen to NGOs. The problem has been that these NGOs were mainly west European based. Non-Governmental Development Organisations (NGDO) face a number of problems in the NMS. Some of these stem from a lack of history and low public awareness. The biggest challenge is to build capacity and financial stability (Bedoya, 2005). Some governments, notably the Czech Republic, Hungary and Slovakia, have

recognised this and pledged financial support to NGOs that are bidding for EuropeAid funds (Bucar & Mrak, 2007, p. 26).

One significant development here has been the creation of the Presidency Fund. The Presidency Fund was established with the support of the Irish and Dutch Governments, both of which held the Presidency of the European Union in 2004 at the time of the accession of the ten NMS to promote the engagement of their NGOs and other civil society actors in the EU's development policy debates. The Presidency Fund strongly supports the activities of national NGDO platforms across the NMS and in all CEE states, with the exception of Bulgaria and Romania, these platforms have been created. However, in the past couple of years there have been 'marked changes', with a huge growth in the number of strong development-focused NGOs within many CEE states. In particular we have seen strong women's organisations/ networks develop, including the KARAT coalition and WIDE.

### **Internal EU Developments**

One very significant development has been the abolition of the Development Council in June 2002. All development matters are now dealt with by the General Affairs Council (Orbie, 2003, 414). This is said to increase the political direction of development policy (Bretherton and Vogler, 2006, p. 114). It is also argued that this will benefit NMS who don't have expertise and large staff numbers in the field of development policy. The fact that the NMS equal 25% of the votes in the Council means that those areas subject to QMV in development cooperation are likely to feel the influence of the NMS, although the lack of staff and expertise could diminish this influence (Morgera & Marin Duran, 2004; Van Reisen, 2007, p. 52). The expansion of the EU has also increased the voting power of the Union in international development institutions (Granell, 2005, p. 12). The Slovenian Presidency of early 2008 is likely to be a crucial one both in terms of judging the success of enlargement and for getting a better sense of priorities in the field of development.

Enlargement puts pressure on the structure of the Commission, particularly the division of responsibilities between the external affairs and development

portfolios (see Dearden, 2003 for background). The impact on the Commission is not clear but according to one DfiD source: 'It appears that the Commission is still coming to terms with managing its business in the face of enlargement. It will look forward to being able to streamline itself through the establishment of a smaller number of Commissioners in the medium term and a full-time presidency, assuming the new Treaty gets through unscathed'. There is also the challenge identified by the DAC peer review of whether the EU has the capacity to manage some of the aid of the Member States, perhaps through co-financing or delegated cooperation. Therefore it will need to expand its vision further to ensure it plays a role in leading, encouraging, tracking and helping Member States. In the broader debate on the "added value" of the Community, this is a good example of the role that it can play (OECD, 2007, p. 37).

Enlargement has also raised the whole question of whether the EDF should cease to be a separate fund, but should instead be 'budgetised', that is incorporated within the EU budget (Maxwell & Engel, 2003). For accession countries, budgetisation could reduce the total cost of participating in aid programmes. As Poul Nielson has remarked:

'Increasing development assistance will be quite a challenge for many of our new Member States. It would be unreasonable to expect the new members to go to 0.39% by 2006. The best advice I can give is for the new members to support budgetisation of the EDF. They would get credit for their contribution, influence the policy and access bidding on contracts' (in Maxwell and Engel, 2003). At present though it looks like any such moves have been vetoed, in particular by the UK.

### **Potential Benefits of Enlargement on Development Policy**

Many commentators have argued that enlargement could have positive implications for development policy. The argument here is that is because of their history CEE states are well placed to advise states on how to manage both political and economic transitions. Specifically this is seen as offering lessons to future accession states in how to manage the transition from donor to recipient. As argued in an ODI report in 2003, 'the challenge facing Europe

in the coming years will be to build on the history and experience of the accession countries, whilst simultaneously inducting them into the values and practices of their new partners' (Maxwell and Engel, 2003). Indeed the European Consensus stated that 'the EU will capitalise on new Member States' experience (such as transition management) and help strengthen the role of these countries as new donors' (CEC, 2007). It goes on:

'Actually, at the operational level there is a lack of co-ordination and harmonisation between donors and a resistance to align along partner countries' own development priorities, policies and systems. This results in reduced aid effectiveness duplication of efforts, inconsistency of approaches and burdening recipient countries with innumerable programming, monitoring and evaluation, implementation and auditing exercises. Alignment would be the best way to enhance effectiveness and thus reduce the transaction costs of aid delivery. The experience of the new Member States, as former beneficiaries of external aid, is useful in this regard'. It is clear that 'a clear comparative advantage of NMS exists in the areas of transition expertise as well as EU accession expertise' (Bucar and Mrak, 2007, p. 14).

Yet, one could question the validity of this argument. The reason being that the EU has a unique tool for democratisation far more successful than other approaches, in that it makes the success of the domestic reform process in a country a prerequisite for joining the EU (Grossman, 2006). The fact that many Eastern European countries have become eligible for EU membership negotiations upon establishing a democratic tradition and respect for human rights, is a 'carrot' the EU has used very effectively and successfully to influence democracy development in its neighbouring countries (Grossman, 2006). However, in the case of most developing countries this same 'carrot' cannot be offered, as they are not eligible as candidates for accession for geographical reasons. The context into which the democratic transition of CEE states is placed is thus very different from most developing countries in the world and it is therefore questionable how valuable their experiences would be to the democratic transition process of other developing countries at the very start of this transition.

## **Conclusion**

The 10 Member States from CEE that have joined the EU since 2004 have either doubled or have significantly increased their ODA since the accession and have demonstrated their commitment to the "acquis communautaire". As a result the ability of the new Member States to meet their commitments is evaluated very positively; they have agreed to individual baselines adapted to their specific situations. They have committed themselves to striving towards reaching the 'acquis' of the EU in 2002 (0.33% ODA/GNI) by 2015 through the gradual increase of their ODA, with an intermediate target of 0.17% by 2010. It appears that many of the concerns raised prior to enlargement were unfounded. Indeed Michaux argued that there were similar concerns raised during previous enlargements about the lack of a tradition of development cooperation in accession states, yet these fears also proved unfounded (Michaux, 2002, p. 19).

CEE states bring a comparative advantage in specific geographical areas as well as policy sectors. They can also advise future Member States, notably Croatia, about the challenges of taking on the EU Development acquis. Having said that it is clear that much work still remains to be done, especially in the fields of ODA, the untying of aid, the focus on poverty reduction and building a constituency for development. Also there is a specific problem of the loss of an institutional memory on EU development policy within Foreign Affairs Ministries. Without expertise and without vocal NGOs maintaining the political the new Member States may find development issues slipping down the agenda.

Rechliber argues that the 'European Commission and the EU15 bear the responsibility for supporting the NMS in raising the quantity and quality of their development co-operation'. The complicated nature of both the administrative structure and financial instruments associated with EU Development policy do not make it easy for a new member state to get to grips with the demands of the acquis quickly. It is too early to tell but some signs exist that the NMS would not be opposed to a streamlining of EU activities in this field. Recent reforms have seen ECHO and EuropeAid take on specific functions, possibly

leaving room only for one DG responsible for development. This process would continue the trend of marginalising DG Development.

One contribution to a debate on the future of EU development policy observed that the current situation cannot be described as a 27+1 but rather a 15+12+1. It highlights the need to find a common ground with the NMS on the revised Development Policy Statement (DG Devt, 2005). The vision was that as the NMS experience higher economic growth rates following accession to the Union their ODA would increase as a % of GDP. This has not happened as planned, with some states appearing to back track on pledges. The inclusion of Romania and Bulgaria into the EU further complicates the situation. However, in Romania many positives have been identified. A “National Strategy on Development Cooperation and Humanitarian Aid” and a budget for development cooperation were created in 2006. Romania has also not gone down the road of including debt cancellation in its ODA figures (Hayes, 2007, p. 43), suggesting some lessons were learned from the 2004 enlargement, although the situation in Bulgaria is less clear.

What will take a while to become clear is exactly how the enlargement has affected relations with ACP states. Clearly CEE states are no longer a competitor for funds with ACP states (Morgera and Marin Duran, 2004, p. 162) and 4.68% of the new states contribution to the EU will be allocated to development (Olsen, 2005, p. 605). However, the majority of new members do not have the same historic links with the ACP grouping as many within the EU-15 and their influence is likely to further continue the trend towards regional groupings and in particular the focus on LDCs countries, although none of the CEE states appears to question aid to Africa. What the new states wish to see is more conditionality, sharing as they do the concerns of old Member States about the importance of security, migration and trade in relations with the developing world. The new member states also wish to prioritise the near abroad. Clearly in a competitive aid market the former recipients of EU aid are going to play a crucial role in how that aid develops over the next decade.

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